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Immigrants, Welfare Reform, and the U.S. Safety Net

Marianne Bitler
UC Irvine

Hilary W. Hoynes
UC Davis

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Center for Economics & Public Policy | University of California, Irvine

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www.economicsandpublicpolicy.uci.edu | 949.824.8496 | dneumark@uci.edu
3151 Social Science Plaza | Irvine, CA 92697-5100

Executive Summary

Immigrants, Welfare Reform, and the U.S. Safety Net

Beginning with the 1996 federal welfare reform law - the Personal Responsibility and Work Opportunity Reconciliation Act (PRWORA) - legal, non-citizen immigrants became ineligible for many federal safety net programs. Prior to the passage of welfare reform, these legal, non-citizen immigrants had been eligible for many of these safety net programs on the same terms as citizens.

A central tenet of welfare reform was the devolution of responsibility by the federal government to the states for certain aspects of the safety net. One component of this power transfer gave states the responsibility to set eligibility rules for many safety net programs for legal, non-citizen immigrants (unauthorized immigrants are generally ineligible for almost all safety net programs both before and after welfare reform). In the wake of welfare reform, many states took advantage of this new power and restored access to the safety net for immigrants that had been cut out in the federal welfare reform law. Other states used this new power to *further reduce* eligibility for legal non-citizen immigrants. Now 15 years after welfare reform, states are legislating immigration policies in wide ranging areas including law enforcement, identification/driver's licenses, and hiring practices/employment. Thus, with hindsight it is clear that the 1996 welfare reform ushered in a new period of active state immigration policy and "immigration policy federalism."

All of these changes have led to considerable confusion about immigrant eligibility for safety net programs. In the years since the welfare reform of 1996, participation in the safety net has decreased for authorized immigrants compared to citizens, and immigrants below the poverty line have had to rely on their own earnings (vs. the safety net) to an increasing degree compared to similarly poor citizens. Even immigrants who suffered no change in eligibility may have reduced their utilization of safety net programs in what some studies have referred to as a "chilling effect". Perhaps in part due to these changes, the recent recession led to larger increases in child poverty in immigrant-headed households compared to native-headed households.

Using a sample of approximately 150,000 persons from the 1995 to 2010 Current Population Survey, Marianne Bitler and Hilary Hoynes examine the status of the U.S. safety net for immigrants and their family members. In some analyses, they separate out naturalized immigrants who are citizens from other non-citizen immigrants. They pay particular attention to the participation of immigrant households vs. native households in the central means-tested programs for families with children. These programs include:

- Aid to Families with Dependent Children/Temporary Assistance for Needy Families (TANF)
- Supplemental Nutrition Assistance Program (SNAP)
- Supplemental Security Income (SSI)
- Medicaid and State Children’s Health Insurance Program (SCHIP)
- Earned Income Tax Credit (EITC)
- Unemployment Insurance (UI)

Declining Safety Net Participation among Immigrants

Immigrants generally participate in the safety net at *lower* rates than do natives of similar income levels. This is true both before and after welfare reform for TANF, food stamps, and SSI. The main exception is the school lunch program where immigrants have consistently participated at higher rates than citizens. For Medicaid/SCHIP participation, the results depend on the household mix: immigrant children of immigrant parents are less likely to participate in Medicaid/SCHIP across the entire time period, and citizen children of immigrant parents are about as likely as children of citizen parents to participate. This last result is an important indicator that, at least in the case of Medicaid/SCHIP, citizen-children in mixed homes did not reduce safety net utilization when the eligibility status of their parents changed.

National trends in safety net participation are broadly consistent with the finding of reduced immigrant access to the safety net in the wake of welfare reform. In Table 1, difference-in-difference estimates of the change in safety net participation for immigrants versus natives in 2008-2009 compared to 1994-1995 are presented. These simply take the change in participation for immigrants and subtract the change in participation for native residents (those born in the US or those born abroad to citizen parents). The results show that immigrant food stamp participation has declined by 5.7 percentage points relative to citizens; immigrant SSI participation has declined by 1.6 percentage points relative to citizens; School lunch participation declined by 1.2 percentage points, and cash welfare increased by 3.2% for immigrants relative to citizens, but the differences are not statistically significant. Medicaid/SCHIP provides the main exception to the pattern, with an *increase* of 4.2 percentage points for immigrants relative to citizens. This may reflect SCHIP’s outreach efforts aimed at immigrant families.

Table 1. Immigrant vs. Native Safety Net Participation Trends

	2008/2009 vs. 1994/1995
Food Stamps	-5.7%*
Cash Welfare for families with children	3.2%
SSI	-1.6%*
School Lunch	-1.2%
Medicaid/SCHIP	4.2%*

*statistically significant at 10% level

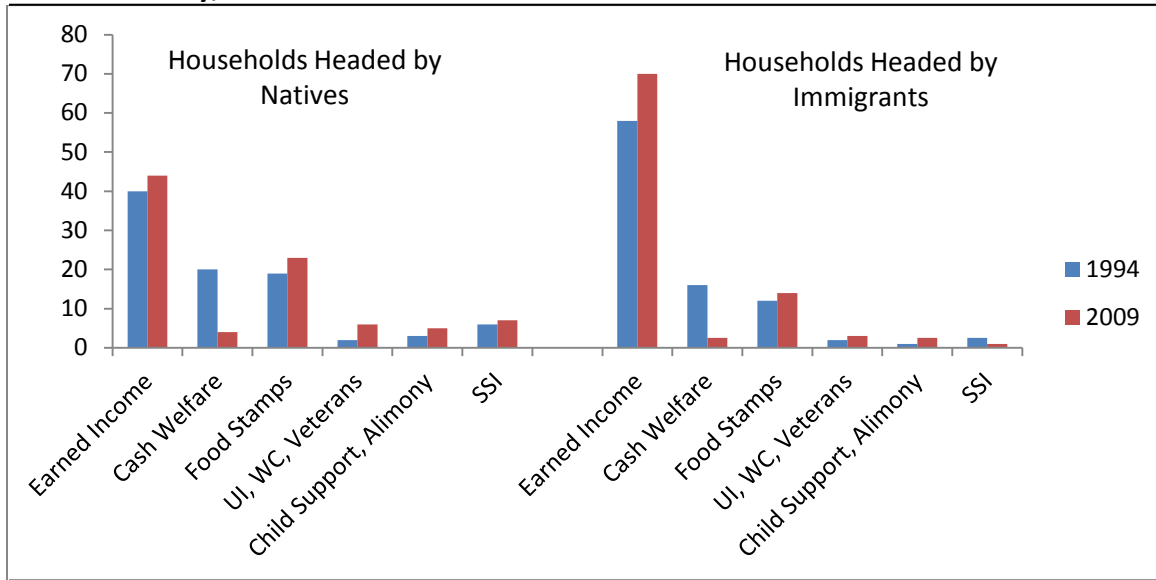
The trends shown in Table 1 do not take into account *when* the immigrants arrived in the U.S. Post-welfare reform immigrant eligibility rules are more generous to longer term residents. As would be expected given this fact, recently arrived immigrants have larger reductions in use of cash welfare and food stamps, and significantly smaller increases in use of Medicaid/SCHIP than are reflected in this table.

Increasing Reliance on Earnings for Immigrant-Headed Households

Households headed by low-income immigrants rely more on their own earnings compared to households headed by low-income citizens and the gap has grown following welfare reform. To see this trend, refer to Figure 1 which shows the share of the quantity of household cash income plus food stamps contributed by several sources for children in poverty. Sources are compared for a year before welfare reform (1994) and a year following welfare reform (2009). The left side of Figure 1 shows results for households headed by natives, the right side of Figure 1 shows results for households headed by immigrants.

Figure 1 makes clear that households headed by low-income immigrants rely much more heavily on their own earnings compared to similarly poor native-headed households. In 2009, for example, almost 70% of household income comes from earned income for immigrants compared to roughly 45% for citizens. This difference was present before welfare reform, but has grown since that time. In addition, Figure 1 shows the declining role of cash welfare, and the increasing role played by food stamps and household earnings for both immigrants and citizens.

Figure 1: Share of Income by Various Sources for Households with Children Below 100% Official Poverty, 1994 & 2009



Immigrant Child Poverty More Severe During the Great Recession

Children from immigrant-headed households fared worse than children from native-headed households during the recent recession. The Great Recession of 2007-2009 affected different states with varying degrees of severity. Taking advantage of this variation, the authors reached several conclusions:

- First, states experiencing a more severe recession also experienced a greater increase in child poverty.
- Second, child poverty rates were higher for children in immigrant-headed households compared to native-headed households in every state.
- Third, an increase in state unemployment lead to larger increases in poverty for children from immigrant-headed households compared to native-headed households.
- Fourth, the safety net acted to dampen the effects of the recession on child poverty for native-headed households but offered measurably less protection for children in immigrant-headed households.

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